

Docket No.: 48347-014

PATENT

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

In re Application of

Olaf Vancura

Serial No.: 09/372,560

Filed: June 6, 2001

For: KNOWLEDGE-BASED CASINO GAME AND METHOD THEREOF

Group Art Unit: 3711

Examiner: W. Pierce

REPLY BRIEF

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This Reply Brief is submitted in response to the Examiner's Answer mailed
May 16, 2003.

ARGUMENT

Appellant submits that the Examiner's rejections are erroneous for the reasons
expressed in the February 24, 2003 Appeal Brief and for reasons expressed herein.

THE PRESENT INVENTION - THE ISSUES

The imposed rejections are wrong for at least two fundamental reasons. Firstly, the
applied references do not disclose the manipulative steps recited in the appealed claims.
Secondly, the Examiner admits the applied references are mute as to the claim limitation

". . . the combined knowledge - based bonus game with the underlying game of chance having a house advantage within a predetermined range," let alone a predetermined range as defined in the separately argued independent claims.

Bereft of facts, the Examiner retreats to inherency. But inherence also requires facts. So the Examiner says casino games always have a house advantage otherwise they could not operate. Therefore, the particular games disclosed in the applied references have a house advantage, even though the Examiner did not establish that such particular games are profitable casino games. The Examiner then accuses Appellant of feigning ignorance as to a house advantage -- something Appellant has not done. Appellant agrees that casino games of chance have a house advantage. But, what has that got to do with the particular references applied by the Examiner? Or to the claimed invention for that matter?

The Examiner ignores the following facts:

(1) the claimed invention provides a house advantage within a particular predetermined range for a combined knowledge-based game and game of chance:

(2) the applied references are conspicuously mute as to any house advantage within a predetermined range, much less associated with a knowledge-based game let alone combined with a game of chance; and

(3) the Examiner's known house advantage enjoyed by casinos is not within a predetermined range and does not relate to a knowledge-based game let alone one combined with a game of chance.

The Examiner improperly attempts to extrapolate the known house advantage enjoyed by profitable casino games to the particular games disclosed in the applied references. But there is no factual basis to support the extrapolation of such a house

advantage to a knowledge-based game, let alone to a combined knowledge-based game and game of chance and then ignore the predetermined range as claimed. Moreover, any such extrapolation is based, in part, upon the legally impermissible **assumption** that the **particular** games disclosed in the applied references are, **in fact, profitable** casino games.

The Examiner proffers no factual evidence to show that the problem of a perfect knowledge player who can bankrupt the house has ever been addressed by a house advantage, let alone by a house advantage within a predetermined range as in the claimed invention which also accommodates the guessing player. The Examiner's Answer is long on words but short on facts -- sound and fury backed by nothing.

The claimed invention does not simply provide a house advantage or house odds. Certainly, all successful gambling games are based on odds in favor of the house, otherwise there would be no house. The present invention, however, combines a game of chance with a knowledge-based game. The problem confronted, as noted on pages 2 and 3 of the February 24, 2003 Appeal Brief, is to prevent a perfect knowledge player from bankrupting the house while at the same time provide fairness to a player with no knowledge. Hence, the predetermined range. Not fixed odds as the Examiner would believe, but a particular predetermined range within set limits from the outset. Thus, for a player having perfect knowledge, the house advantage is at one end of the predetermined range and the house is assured a profit. However, in case of a player who simply guesses at the answers, the player is assured fairness by the lower end of the predetermined range. The setting of the perfect knowledge limit protects the house in its profit and the setting of the lower value in the range protects the player as to fairness and is set at a level to encourage the guessing player to continue playing.

The notion of a house advantage within a particular predetermined range, as in the claimed invention, for a combined game of chance and knowledge-based bonus game is alien to the applied prior art. The Examiner expends many words on generalizations as to house odds, but pays little attention to the actual references he has chosen to apply against the claims.

The Examiner's misunderstanding

Claim language, of course, must be interpreted through the viewing glass of one having ordinary skill in the art. *Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1342, 59 USPQ2d 1385, 1393 (Fed. Cir. 2001); *Teleflex Inc. v. Ficosa North America Corp.*, 299 F.3d 1313, 1325, 63 USPQ2d 1374, 1380 (Fed. Cir. 2002). One having ordinary skill in the art would have understood that "house advantage", as employed in the disclosed and claimed inventions, is a theoretical mean value. The volatility of the machine is the distribution (or scatter) about a house advantage. Indeed, the observed advantage differs from the house advantage due a slot's statistical "volatility", which goes to zero as the number of trials goes to infinity. For a finite number of trials, volatility is useful for predicting a machine's performance relative to the theoretical. The conventional slot game has but **one** house advantage over all play of the game. However, the predetermined range of the claimed invention is not **one** house advantage and an associated volatility, but instead is a range of house advantages bounded by a predetermined minimum house advantage to a predetermined **maximum** house advantage. That is, there are **two** house advantages that bound the predetermined range. The Examiner may be confused.

That the Examiner may have confused the "house advantage" of the claimed invention within a predetermined range is suggested by the Examiner's citation of new references at this point in the prosecution, notably Martinez and Kilby. The Examiner now invites the Board to read newly cited but unapplied references while continuing to assert that house advantages are known in the abstract. The Examiner's own new references not only support the patentability of the claims, but show that the Examiner has not interpreted the claimed invention from the viewpoint of one having ordinary skill in the art.

The new publication (Martinez) "The Concept of House Advantage" recognizes: "casinos aren't in the nonprofit category of business and will not survive without strict attention to the house-advantage concept." Id @ 43. This article also recognizes that slot machines have a set house advantage based on randomness which is usually 10%. Id@42. In other words, one fixed value.

The Examiner also provides Kilby, "Casino Operations Management." On pages 114-115, Kilby sets forth a statistical breakdown for an IGT slot game. When a slot is played forever, a single fixed house advantage is provided. Until the casino game is played forever, the casino games' actual advantage has volatility about the house advantage:

Although each machine has a fixed casino advantage, the actual hold can vary drastically from the theoretical advantage. Id.@pg. 117.

Hence, for the above IGT game, **the fixed** player return is 85.495% **over all time**. At 1,000 handle pulls the slot volatility of the IGT game is 54.11% to 116.88% for the player return. After 10,000,000 handle pulls the player return is between 85.18% and

85.81% with a 90% confidence. This is a statistical breakdown based on randomness. Id. In each case, the distribution or scatter is centered on the theoretical house advantage (i.e., $(54.11\% + 116.88\%)/2 = (85.18\% + 85.81\%)/2 = 85.495\%$). As the number of trials increases, the volatility squeezes down, causing the actual advantage to coincide with the house advantage.

In the claimed invention, however, there are **two fixed house advantages** at opposite ends of the predetermined range when played forever. One is fixed for a perfect knowledge player playing forever; and the second is fixed for a player who guesses playing forever. Each of these house advantages, in principle, has an associated volatility. The claimed inventions cover and the written description of the specification enables a sophisticated novel type of casino game that provides a predetermined range for house advantage that can, in principle based on design choice, also be statistically modeled (as Kilby did for the IGT game) providing the slot volatility at 1,000 handle pulls, at 10,000 handle pulls, etc. At 10,000,000 handle pulls, the house advantage for a theoretical player who guesses over all time would be very close (e.g., within a % point) of a fixed (or set) value at one end of the predetermined range and the house advantage for a theoretical perfect knowledge player who answers correctly over all time would be very close (e.g., within a % point) of a fixed (or set) value at the other end of the predetermined range. Perhaps, the Examiner has yet to grasp the significance of the claim limitation establishing a house advantage within a predetermined range.

Unlike the prior art, the present invention provides an elegantly clean solution to the problem of the knowledgeable player. The present invention does not rely upon paying a fee as in the reference to Keller, or upon some fictional communication between machines

to attempt avoiding appearance of the same question over again as suggested by Walker, or upon a super-large database, a database that changes with time or machines that modify odds or payoffs, as in the British references. Significantly, the present invention does not require casino personnel to monitor players as in blackjack or as suggested by the Examiner's touted Scarne reference. Rather, the sophisticated solution provided by the present invention is a self-contained machine that conforms to U.S. regulations requiring random events and, aside from routine slot machine maintenance, does not require any oversight and/or proactive instrumentation. The claimed invention is elegantly clean and encourages players with limited knowledge while protecting the house against the perfect knowledge player.

THE REJECTIONS

1. The Rejection Of Claims 1, 2, 4 Through 30, 42 Through 47, 49 Through 55, 57 And 58 Under 35 U.S.C. §102 For Lack Of Novelty As Evidenced By Walker.

Walker neither discloses nor suggests a method comprising each manipulative step of the claimed inventions, particularly:

1. playing a game of knowledge when a **bonus condition occurs** in a game of chance;
2. providing **separate payoffs** for the game of chance and for the knowledge-based game; and
3. providing a payoff from the game of chance regardless of and separate from the outcome of the knowledge-based game; much less

4. a casino game wherein the combined play of both the knowledge-based bonus game with the underlying game of chance over time has a house advantage within a predetermined range, let alone a predetermined range having set limits based upon the correctness of the answers and the wager.

The Bonus Condition

The Examiner says that the bonus condition in Walker is "while the reels are spinning". The Examiner's determination that real spinning constitutes a bonus condition triggering play of a knowledge-based bonus game is fanciful and factually unsupportable.

Separate Payoffs

In the paragraph bridging pages 7 and 8 of the Answer, the Examiner refers to Fig. 9 of Walker asserting the depiction of different payoffs for the slot game regardless of the knowledge-based game. **The Examiner is wrong.** The knowledge-based game impacts the conventional payoff of the slot game. The Examiner points to **no separate payoff** for the knowledge-based game as required by claim 1.

Walker requires a successful win in the spinning of the reels in order to play the trivia game which impacts the award by increasing it or decreasing it or maintains it at the same level. If there is no successful result in spinning the reels, even if the player answers the trivia question correctly, there is no additional amount awarded. Thus, there are **no separate payoffs**.

**Providing A Game Of Chance Payoff Regardless Of And Separate From The
Knowledge-Based Game**

Claim 1 requires the knowledge-based game to be played after the game of chance without any intervening game which would affect the payoff of the game of chance, wherein the play of the knowledge-based game with a payoff is separate from the payoff awarded from the underlying game of chance. The Examiner's own interpretation of Walker shows that the slot payoffs are dependent upon and impacted by the knowledge-based game and not divorced therefrom.

The Predetermined Range

Walker is silent about a house advantage for the combined game of chance and knowledge-based game within a predetermined range, let alone a predetermined range having set limits based upon the correctness of the answers and the wager, as recited in claim 1. The Examiner asserts inherency because casino games must have a house advantage. But inherency also requires facts and the Examiner has failed to factually establish that the asserted generalized house advantage relates to a knowledge-based game, let alone one combined with a game of chance, much less within a predetermined range, and certainly not a predetermined range having set limits only based upon the correctness of the answers and the wager as in claim 1. The Examiner also improperly assumes that Walker's game is a successful casino game - profitable. Inherency requires certainty, not speculation. Hence, the Examiner's unsupported assumption constitutes legal error. *Glaxo Inc. v. Novopharm Ltd.*, 52 F.3d 1043, 34 USPQ2d 1565 (Fed. Cir. 1995); *In re Rijckaert*, 9 F.3d

1531, 28 USPQ2d 1955 (Fed. Cir. 1993); *W. L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983).

The Examiner fails to appreciate that the present invention addresses the problem of a perfect knowledge player by setting the house advantage within a predetermined range, which is eloquently more sophisticated than the solution espoused by Scarne who would bar perfect knowledge players from casinos. That a house advantage may vary based upon skill is one thing; to provide a predetermined range so that a perfect knowledge player does not bankrupt a house is another.

On page 3 of the Answer, line 26, the Examiner says: "Inherently all gaming operators avoid losing money." Presumably, the Examiner does not include in that inherency determination the perfect knowledge player who can bankrupt a casino. This problem and the solution encompassed by the claimed invention cannot be ignored by generalizations of inherency, particularly when **no facts** are provided by the Examiner apart from ostracizing a perfect knowledge player from a casino. Even certain blackjack players are banned from casinos, thereby demonstrating the fallacy of the Examiner's "the house must win" approach to everything.

The Examiner meanders from page 3, line 2 through page 4, line 13, discussing an unbounded variable house advantage. The relevance of this is not apparent because the claimed invention relates to a predetermined range, not a variable house advantage.

In the paragraph bridging pages 6 and 7 of the Answer, the Examiner relegates the house advantage of the claimed invention to that which is routine, and accuses Appellant of feigning ignorance because house advantages are known. That a single house advantage is known does not establish that Walker discloses a predetermined range as in the claimed

invention, whereby the problem of the perfect knowledge player is overcome without resort to drastic measures, such as ostracizing the player from the casino, while providing an incentive to the guessing player. The Examiner has **not factually established** the conventionality of setting a house advantage within a predetermined range based upon a combined knowledge-based game and game of chance, as in the claimed invention.

The bottom line on Walker is that it is silent as to a house advantage. Referring to a book on slots is a mere invitation to tinker. Even if it is given that one having ordinary skill in the art would have been able to calculate a house advantage to implement in Walker for a player who chooses to guess at all answers, the players must be categorized which Walker does not do. In order to calculate a house advantage for Walker, one having ordinary skill in the art would have to know if/when the player opted to answer the questions, i.e., a no-knowledge player who guesses at every question will have a house advantage different from that of a no-knowledge player who guesses at every second question and opts out of the others which, in turn, will be different from a no-knowledge player who guesses at every tenth question and opts out for the others, and so on. But Walker is silent on these factors—conspicuously mute on limiting player cases as well as their mathematical consequences.

It should, therefore, be apparent that Walker generates two problems but offers no solution thereto, while the present invention does. The first problem generated by Walker is that there is no incentivization for the "no-knowledge" or "limited knowledge" player to actually play the trivia game at all. This is because a player who is wrong is penalized in Walker with a net loss of credits vis-à-vis a player who chooses not to answer at all. In other words, in Walker players who know will answer the questions while players who do not

the know will abstain leading to a problematic situation which happens to be addressed and solved by the claimed invention. As previously pointed out, the present invention addresses and solves the problem of accommodating a limited knowledge player by always rewarding the player whether right or wrong, thereby encouraging play from all levels of knowledge while at the same time preventing the house against a perfect knowledge player.

The other major problem generated by Walker concerns the knowledgeable player. Walker attempts to address this problem by having the same question not come up at similar times on nearby machines. This solution is completely impractical as each machine is independent and does not know what is happening at nearby machines. This is a clumsy sub-par attempt at dealing with knowledgeable players, unlike the solution provided by the present invention.

Walker is Evidence of Nonobviousness

Based upon the above analysis of Walker, Appellant would argue that Walker constitutes evidence of **nonobviousness** by demonstrating a prior art fruitless attempt to address the problem of the perfect knowledge player--the failure of others to solve a long-felt need. *Ecolochem Inc. v. Southern California Edison, Co.* 227 F.3d 1361, 56 USPQ2d 1065 (Fed. Cir. 2000); *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988).

The claims do not stand or fall together.

Appellant confirms that the claims do not stand or fall together. Indeed, as to claim 19, Walker does not disclose a bonus condition. Reel spinning is not a bonus condition -

saying so does not make it so. Walker does not disclose the notion of providing separate payoffs for the game of chance and the knowledge-based game. There is no separate payoff for the knowledge-based game to begin with. Moreover, Walker does not disclose providing a payoff for the game of chance regardless of the outcome of the knowledge-based game, as the knowledge-based game impacts the award of the game of chance. Walker does not disclose a house advantage for the combined knowledge-based bonus game and underlying game of chance within a predetermined range to begin with, let alone the range set forth in claim 19 which is limited based at least upon answers to all queries in the knowledge-based game being always correct and the wager.

As to claim 25, Walker neither discloses nor suggests a method which comprises a sequence of manipulative steps including playing a knowledge-based game upon occurrence of a bonus condition in an underlying game of chance, providing a payoff to an underlying game of chance when the winning combination occurs regardless of the outcome of the knowledge-based game, wherein the combined play of the knowledge-based game and the underlying game of chance has a house advantage to begin with, let alone a house advantage within a first set limit based on all answers to all queries being correct and a second limit based on all answers to all queries being guessed.

As to claim 42, Walker neither discloses nor suggests a method comprising a sequence of manipulative steps which include initially playing a game of chance and providing a payoff when a winning combination occurs, stopping the game of chance when a bonus condition occurs and then playing a second knowledge-based game, wherein the payoff of the underlying game of chance is made regardless of the outcome of the knowledge-based game, and providing a house advantage within a predetermined range to

begin with, let alone a house advantage within a predetermined range based on all answers to queries in the knowledge-based game being correct, a substantial portion of the range having a positive house advantage.

Based upon the foregoing, Appellant submits that the imposed rejection of claims 1, 2, 4 through 30, 42 through 47, 49 through 55, 57 and 58 under 35 U.S.C. §102 for lack of novelty as evidenced by Walker is clearly factually erroneous.

2. The Rejection Of Claims 1, 2, 4, 9 Through 30, 42 Through 47, 49 Through 55, 57 And 58 Under 35 U.S.C. §102 For Lack Of Novelty As Evidenced By Claypole et al.

Appellant relies upon the arguments advanced in the February 24, 2003 Appeal Brief and stresses that Claypole et al. neither disclose nor suggest a game machine wherein a payoff is made from the first game of chance independently of what occurs in a subsequent game as in the claimed invention, much less wherein there is no intervening game between the game of chance and knowledge-based game which affects the payoff of the game of chance, and the payoffs for the underlying game of chance are made regardless of the outcome of the knowledge-based game.

On page 10 of the Answer, first full paragraph under the statement of the rejection, the Examiner refers to page 12 of Claypole et al., line 5 wherein it is disclosed that the player can collect the amount won using the collect button. This aspect may occur prior to a knowledge-based game and, therefore, is irrelevant because it is a single game of chance not a combined game of chance and a knowledge-based game. However, the next sentence of Claypole et al. begins with the word "If" and relates to the machine determining and

initiating a feature routine which, in that embodiment, enables the player to gamble the amount won by guessing whether a subsequent card will be higher or lower or by going to the multiple-choice quiz game or trivia-type game. Therefore, when it comes to the disclosed embodiment involving a combined game of chance and knowledge-based game, there is no separate payoff for each. Moreover, the subsequent knowledge-based game impacts the award of the game of chance.

The Examiner has again fallen back on inherency as to the claimed house advantage without providing any facts to establish a house advantage within a predetermined range for the combined game of chance and knowledge-based bonus game set within predetermined limits as specified in each of claims 1, 19, 25 and 42, the separate patentability of which claims is advocated. For reasons as set forth in the February 24, 2003 Appeal Brief and *supra*, the Examiner's invocation of the doctrine of inherency is factually vacant.

3. The Rejection Of Claims 1, 2, 4 Through 7, 12, 13, 18, 42 Through 46, 50, 55, 57 and 58 Under 35 U.S.C. §102 For Lack Of Novelty As Evidenced by Keller Or Evans.

Appellant again would rely upon the arguments advanced in the February 24, 2003 Appeal Brief and emphasize that Keller neither discloses nor suggests a bonus condition which triggers a game of skill as asserted by the Examiner on page 10 of the Answer, third paragraph from the bottom of the page. Providing a token to a player who is given the **option** to enter a skill game is not a bonus condition. There certainly is no separate payoff for success in the underlying game of chance as in the claimed invention. Again, a token is awarded which allows the player to continue on.

Keller neither discloses nor suggests a house advantage within a predetermined range as in the claimed invention predicated upon the combined knowledge-based bonus game with the underlying game of chance. The Examiner again generalizes as to inherent house odds, but provides **no facts** to show prior existence of any house advantage for a knowledge-based game, let alone combined with a game of chance, where the house advantage is within a predetermined range as claimed. Moreover, the Examiner commits legal error by assuming Keller's game has been successfully implemented in a casino. Appellant again separately argues the patentability of the claims as grouped in the February 24, 2003 Appeal Brief.

As to Evans, the first underlying game is a quasi-random prize generated portion, which does not provide a payoff as required in the claimed invention. The game of skill must be successfully completed. Accordingly, there is no payoff for the underlying game of chance regardless of the outcome of the subsequent knowledge-based game or any intervening game as in the claimed inventions.

Moreover, Evans neither discloses nor suggests a method comprising initially playing an underlying game of chance and ceasing playing that underlying game of chance upon appearance of a bonus condition.

Evans neither discloses nor suggests a method of playing an underlying game of chance and a knowledge-based bonus game which has a house advantage within a predetermined range, let alone a predetermined range having set limits based upon the correctness of the answers and the wager (claim 1), or a predetermined range having a minimum house advantage based upon all answers to all queries in the second knowledge-

based game being correct wherein a substantial portion of the range has a positive house advantage (claim 42). The Examiner again generalizes about inherent house advantages but ignores the claim requirement for a house advantage for a combined knowledge-based game and game of chance within a particular predetermined range. As to these claim limitations, the Examiner is short on facts. Even short on generalizations. The Examiner compounds his errors by assuming Evans' game is a successful casino game.

Based upon the foregoing, Appellant submits that the imposed rejection of claims 1, 2, 4 through 7, 12, 13, 18, 42 through 46, 50, 55, 57 and 58 under 35 U.S.C. §102 for lack of novelty as evidenced by Keller or Evans is clearly factually erroneous.

4. The Rejection Of Claims 8 Through 11, 14 Through 17, 19 Through 30, 47, 49, 51 Through 54, 56 and 58 Under 35 U.S.C. §103 For Obviousness Predicated Upon Keller And/Or Evans In View of Thompson.

Appellant again relies upon the arguments advanced in the February 24, 2003 Appeal Brief. Appellant would stress that the Examiner's rejection is long on what he says is common knowledge, but very short on facts. *In re Lee*, 237 F.3d 1338, 61 USPQ2d 1430 (Fed. Cir. 2002). It is of particular interest that the Examiner would ignore the motivational issue because, according to the Examiner, motivation does not literally appear in 35 U.S.C. §103(a) (page 12 of the Answer, first full paragraph). Suffice it to say, in order for the Examiner to combine references, he must factually establish the requisite motivation. *Teleflex Inc. v. Ficosa North America Corp.*, ___ F.3d ___, 63 USPQ2d 1374 (Fed. Cir. 2002); *In re Lee, supra*.

The present case does not involve phillips screwdrivers or flathead screws. The Examiner's attempt to oversimplify the issues in this case by announcing generalities and relying on phantom prior art are legally erroneous and exacerbate the lack of facts. *Ruiz v. A.B. Chance Co.*, 234 F.3d 654, 57 USPQ2d 1161 (Fed. Cir. 2000); *Ecolchem Inc. v. Southern California Edison, Co.* 227 F.3d 1361, 56 USPQ2d 1065 (Fed. Cir. 2000); *In re Kotzab*, 217 F.3d 1365, 55 USPQ 1313 (Fed. Cir. 2000); *In re Dembiczak*, 175 F.3d 994, 50 USPQ2d 1614 (Fed. Cir. 1999); *In re Rouffet*, 149 F.3d 1350, 47 USPQ2d 1453 (Fed. Cir. 1998).

Clearly, the secondary reference to Thompson does not cure any of the previously argued deficiencies of Keller and Evans. Ergo, even if the references are combined, the claimed invention would not result. *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, 837 F.2d 1044, 5 USPQ2d 1434 (Fed. Cir. 1988).

Appellant would also stress that the Examiner has not made a "thorough and searching" factual inquiry as judicially required. *In re Lee*. Indeed, the Examiner ignores the fact that if the method disclosed by Evans is modified to provide a timer as suggested by the Examiner, the disclosed method would be rendered inoperative, since it would not result in a prize, because the game must be played to completion and a winning combination must be achieved so that the player can play the game of skill to earn a payoff. *In re Fritch*, 972 F.2d 1260, 23 USPQ2d 1780 (Fed. Cir. 1992); *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984); *In re Schulpen*, 390 F.2d 1009, 157 USPQ 52 (CCPA 1968).

Evidence Of Nonobviousness

On page 13 of the Answer, the Examiner says "No evidence of Nonobviousness". There is evidence of nonobviousness of record which is entitled to consideration.

The Examiner downplays the problem addressed and solved by the claimed invention, particularly the problem of the perfect knowledge player. The Examiner falls back on his fundamental theory that gambling casinos make money and, hence, any patent relating to a game, regardless of whether it is profitable, must have a house advantage.

The Examiner has failed to provide any objective evidence showing a prior house advantage within a predetermined range as in the claimed invention, particularly when a knowledge-based game is present. The present invention does not eject perfect knowledge players from the casino. The present invention sets a predetermined house advantage so that a perfect knowledge player does not break the house while providing an incentive for the guessing player. That notion is alien to the applied prior art and to the Examiner's phantom prior art.

The fact that a house advantage may be inherent in a successful casino implemented gambling game does not carry with it inherency in any patented game for a house advantage within a predetermined range for a combined knowledge-based game and game of chance, let alone within the predetermined range, as set forth in the appealed claims. Accordingly, the Examiner cannot properly ignore the problem addressed and solved by the claimed invention.

The Examiner appears to ignore the statements of Grochowski and Gushin. The Examiner downplays the Vancura declaration as simply an argument of the inventor, although acknowledging that "Vancura is well recognized and respected for his expertise in the gaming industry" (page 14 of the Answer, line 1).

Appellant would invite the Board to consider all of the evidence of nonobviousness presented, as such evidence must properly be given consideration, and to weigh such evidence against the Examiner's generalizations, factual vacancies and assumptions that a house advantage for a game of chance necessarily carries with it a house advantage within a predetermined range for a combined game of skill and game of chance, according due recognition to the perfect knowledge player, as in the claimed invention. *Stratoflex Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 218 USPQ 871 (Fed. Cir. 1983). In this respect, Appellant would invite the Honorable Board's attention to paragraph 5 through 7 of the Vancura Declaration, paragraph 3 of the Grochowski Declaration and paragraph 3 of the Gushin Declaration.

Appellant cannot overemphasize the manner in which the present invention addresses the balancing act between the perfect knowledge player vis-à-vis the no-knowledge player. When Appellant's solution is compared to prior art failures to solve this long-felt need, the **nonobviousness** of the claimed elegant solution becomes manifest. The present invention does not rely upon fees as in Keller, machines somehow trying to communicate with each other as in Walker, a super-large database or a database that changes with time or modifying odds or payoffs as in the British references. The present invention certainly does not rely upon casino personnel monitoring players and ejecting players who have perfect knowledge, as conventionally done in blackjack and as disclosed by the Examiner's bullpen reference to Scarne. These prior art attempts are impractical and, most certainly scotch any notion of inherency. *Ecolochem Inc. v. Southern California Edison, Co.*, *supra*; *Uniroyal, Inc. v. Rudkin-Wiley Corp.*, *supra*.

Appellant, therefore, submits the imposed rejection of claims 8 through 11, 14 through 17, 19 through 30, 47, 49, 51 through 54, 56 and 58 under 35 U.S.C. §103 for obviousness predicated upon each of Keller and Evans in view of Thompson is not factually or legally viable.

5. The Rejection Of Claims 130 Through 132 Under 35 U.S.C. §103 For Obviousness Predicated Upon Walker, Claypole et al., Keller and Evans "Further In View Of Matters Well Known To Mathematics And Gaming.

The Examiner does not respond to the arguments presented commencing at page 32 of the February 24, 2003 Appeal Brief. Appellant would rely upon such arguments and emphasizes the Examiner's continued confusion between a set house advantage for a gambling game and the difficulty in establishing a house advantage for a combined knowledge-based game and underlying game of chance, let alone within a particular predetermined range, giving due consideration to the perfect knowledge player and the guessing player. The Examiner offers no facts to support the assertion that the house advantage of the claimed invention is inherent in the prior art where no mention is made of any predetermined range let alone in the context of a knowledge-based game.

Appellant, therefore, submits the imposed rejection of claims 130 and 132 under 35 U.S.C. §103 for obviousness predicated upon Walker, Claypole et al., Keller and Evans "further in view of matters well known to mathematics in gaming" is clearly factually and legally erroneous.

SUMMARY

This case should not be before the Board. For reasons which should be apparent, the Examiner has entrenched himself in a mental bunker, ignoring claim limitations, ignoring decisional law, and refusing to identify wherein the references teach what is claimed. Rather, the Examiner espouses generalizations urging the Board to believe him that the claims are not patentable. But the Examiner did not discharge his burden and proffer factual evidence to prove that the appealed claims are not patentable.

Aside from the fact that the applied references do not show the manipulative steps of the claimed inventions, the Examiner appears to be laboring under an erroneous interpretation of the house advantage encompassed by the claimed inventions. The house advantage of the claimed inventions is within a predetermined range based upon the combined game of chance and knowledge-based game. The house advantage is designed to prevent the perfect knowledge player from breaking the bank. This is a real problem.

The prior art solution to that problem is to kick the perfect knowledge player out of the casino. The prior art simply fails to disclose or suggest the notion of a predetermined range in the context of a knowledge-based game, let alone a particular predetermined range accommodating the perfect knowledge player and the guessing player as in the claimed inventions. The games in the prior art based upon skill do not have a house advantage within any range, and would expose casinos to disastrous impact. That is why perfect knowledge players are kicked out of casinos. That is why some blackjack players are watched and kicked out of casinos. For the Examiner to say that the problem of a perfect knowledge player does not exist is to ignore reality. For the Examiner to say that the prior art inherently involves a house advantage within a predetermined range in the context of a

combined game of skill and game of chance as in the claimed invention is to engage in fanciful notions in an attempt to fabricate facts.

The Examiner's case can be distilled to a single premise: casinos make money. This begs the issue. That casinos make money does not mean that the applied prior art references involving a knowledge-based game have been profitably implemented in casinos and inherently have a house advantage within predetermined limits, as claimed. The Examiner's case for inherency is completely without any factual basis - a house of cards. It is nothing more than a visceral reaction to claims which the Examiner has difficulty understanding. Indeed, the known fact that blackjack players are rejected from casinos, and the monetary risk that a perfect-knowledge player playing... undermine the Examiner's assumption that the house advantage within a predetermined range as defined in each of the appealed claims is inherent, i.e.; necessarily present, in the applied prior art. The Examiner has completely failed to establish that such as house advantage is in the applied prior art or in any phantom prior art.

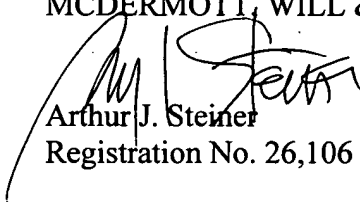
The lack of inherency is underscored by the failed or impractical attempts of the prior art to deal with the perfect knowledge player, such as attempting communication between machines as in Walker, or using casino personnel to monitor players, as in blackjack and as suggested by Scarne. That the present invention provides an elegantly clean solution to accommodating the perfect knowledge player and limited knowledge player not only inters the notion of inherency but evinces **nonobviousness**.

Appellant, therefore, submits that each of the imposed rejections under 35 U.S.C. §102 and 35 U.S.C. §103 is factually and legally erroneous. Accordingly, Appellant solicits the Honorable Board to reverse each of the Examiner's rejections.

To the extent necessary, a petition for an extension of time under 37 C.F.R. §1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 500417 and please credit any excess fees to such deposit account.

Respectfully submitted,

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